

**CITY OF HOUSTON**  
**HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT**  
**AMENDED**  
**ADMINISTRATIVE GUIDELINES**  
**FOR**  
**THE SINGLE-FAMILY HOME REPAIR PROGRAM**

**INTRODUCTION**

These amended Single-Family Home Repair Program ("SFHRP") Administrative Guidelines ("Guidelines"), shall be effective on October 18, 2006. The City of Houston's ("City") goal in the SFHRP is to alleviate specific life, health, and/or safety hazards resulting from severely substandard conditions in a home owned and occupied by a very low income elderly and/or disabled person ("Homeowner"). These Guidelines reflect changes intended to address concerns regarding the use of qualified Agencies (hereinafter defined) and Contractors (hereinafter defined) to implement and/or administer the SFHRP and to expand the scope of the SFHRP by redefining and adding components that will address the aging housing stock in Houston.

The Housing and Community Development Department ("HCDD") will carry out the requirements of the SFHRP on behalf of the City. The various tasks to be performed by the City include the following: client intake (applicant information and processing); assessment and documentation of eligibility; inspection of housing units and review of plans and specifications ("Plans and Specifications"); certification and selection of contractors ("Contractors"); entering into agreements with Homeowners and Contractors; monitoring Rehabilitation or Reconstruction/Substantial Rehabilitation work ("Work"); entering intake and Rehabilitation or Reconstruction/Substantial Rehabilitation status information into the database and developing monthly reports, and reviewing Contractor invoices before making payments to the Contractors.

The City requires that each building system (i.e. structural, electrical, plumbing, heat ventilation, and air conditioning [HVAC]) repaired or reconstructed under the SFHRP comply with the current building code and that all conditions that threaten the life, health, or safety of the Homeowners be removed.

The City plans to continue to use federal funds, including Community Development Block Grant ("CDBG") and Home Investment Partnerships Program ("HOME") funds, as well

as bond funds and Tax Increment Reinvestment Zone (TIRZ) funds, as available, to provide assistance for Homeowners.

These SFHRP Guidelines, as amended, outline the policies and procedures governing the SFHRP.

## **DEFINITION OF TERMS**

**Affordability Period** shall mean the period that begins upon Project Completion when all closeout data has been entered into IDIS and shows as a completed project on the PR 22 report, and ends five (5) years from that date for Major Rehabilitation under \$15,000, ten (10) years from that date for Major Rehabilitation between \$15,000 and \$40,000, and fifteen (15) years from that date for Reconstruction/Substantial Rehabilitation.

**After-Rehabilitation Value** shall mean the value of a HOME assisted property after rehabilitation, which must not exceed 95 percent of the median purchase price for the area, as published by HUD or as determined locally through HUD-approved market analysis. After-rehabilitation value must be established prior to any work being performed to establish property eligibility. After-rehabilitation value may be determined through estimates of value, appraisal(s), and/or tax assessment(s). The City shall determine the 95 percent of median purchase price limit for owner-occupied single-family housing using the figures published by FHA for its 203(b) program.

**Applicant** shall mean the person/household requesting assistance through the SFHRP.

**CDBG** refers to the Community Development Block Grant funds received from the U.S. Department of Housing and Urban Development ("HUD") under Title I of the Housing and Community Development Act of 1974, as amended.

**Certificate of Acceptance** shall mean a written statement issued by the City and signed by the City's inspector and by the Homeowner stating that to the best of his/her knowledge all Work has been satisfactorily completed in accordance with the Plans and Specifications or Work Order.

**City** shall mean the City of Houston.

**City Agreement** shall mean the agreement or contract between the City and selected Agencies and/or Contractors for the administration and/or implementation of the SFHRP.

**Competitive Sealed Proposal** shall refer to an alternative project delivery method authorized by Subchapter H of Chapter 271 of the Texas Local Government Code.

**Contractor** shall mean the contractor who is selected to perform the Work on the residential structure under the SFHRP. Contractors shall be selected by one of the following methods: 1) utilizing the competitive sealed proposal method, with sealed work plans and specifications (Major Rehabilitation over \$25,000 and Reconstruction/Substantial Rehabilitation); 2) an informal bid procedure (all work under \$25,000 not meeting the definition of Emergency Repair); and 3) an Emergency Purchase Order (EPO) in the event of a life threatening health or safety hazard that meets the definition of an “Emergency Repair” under these Guidelines.

**Deed of Trust** shall refer to the document to be executed by the Homeowner who receives assistance under the Major Rehabilitation component (Tier II) or Reconstruction/Substantial Rehabilitation component (Tier III) of the Program, which will grant a lien and security interest in the Homeowner's Property for five (5) years (Major Rehabilitation under \$15,000), ten (10) years (Major Rehabilitation between \$15,000 and \$40,000) or fifteen (15) years (Reconstruction/Substantial Rehabilitation) from the date of Project Completion. The Deed of Trust shall be in substantially the forms attached hereto under Appendix I, as applicable.

**Deferred Payment Loan** shall refer to a form of financial assistance provided to a Homeowner, which may be in the form of a performance based, non-interest bearing loan note to be prorated over a five (5) year period for all rehabilitation under \$15,000 or a ten (10) year period for all rehabilitation work between \$15,000 and \$40,000, with a corresponding reduction of up to twenty (20%) percent at the end of each year of the five (5) year period or ten (10%) percent at the end of each year of the ten (10) year period. The Deferred Payment Loan will be used only for the Major Rehabilitation component (Tier II), and not the Emergency Tier component (Tier I) nor the Reconstruction/Substantial Rehabilitation component (Tier III) of the SFHRP. The Deferred Payment Loan Note shall be in substantially the form attached hereto under Appendix II.

**Director** shall mean the Director of HCDD or any other person(s) that may be designated to perform the various functions assigned to the Director.

**Emergency Purchase Order (EPO)** shall mean an informal bid process to be used to address repairs for less than \$25,000 when a life threatening health and safety hazard is observed and the hazard does not meet the definition of an “Emergency Repair” as defined in these Guidelines.

**Emergency Repair** shall mean those repairs immediately necessary to safeguard against imminent danger to human life, health or safety, or to protect property from further structural damage. An Emergency is defined as a situation or condition that occurred recently (generally within two (2) weeks) **without warning**, that is detrimental or a threat to the life, health or safety of a Homeowner and requires immediate action. Immediate action is defined as action

that should be taken within 24-72 hours. Emergency Repairs are specific to the Emergency Tier component (Tier I).

**Emergency Tier** shall refer to a component of the SFHRP which makes assistance available to Homeowners who are in need of an “Emergency Repair” as defined in these Guidelines. The Emergency Tier component is also referred to as Tier I.

**Functionally Equivalent** shall mean that a reconstructed housing unit performs the same function, and provides the same utility, as the unit it replaced provided prior to deterioration. The principal features of the replaced unit must be present in the reconstructed unit, but not necessarily every feature. Actual size of replacement unit could be larger or smaller than the original unit based on size of family to occupy the replacement unit and/or any extenuating circumstances, e.g. handicap accessibility or usability needs.

**Grant** shall refer to financial assistance provided to a Homeowner, which shall not require repayment.

**HCDD** shall mean the City of Houston’s Housing and Community Development Department.

**HOME** shall mean Title II of the Cranston-Gonzales National Affordable Housing Act, entitled the HOME Investment Partnerships Act, and all regulations promulgated by HUD pursuant thereto, including but not limited to the regulations set forth at 24 CFR Part 92.

**Homeowner** shall mean the owner/occupant of a single-family structure who qualifies for participation in the SFHRP.

**Homeowner’s Waiver & Release** shall mean the written agreement between the City and the Homeowner for Emergency Tier component (Tier I) repairs. The Homeowner’s Waiver & Release shall be in substantially the forms attached hereto under Appendix III, as applicable.

**HUD** refers to the United States Department of Housing and Urban Development.

**Major Rehabilitation** refers to a component of the SFHRP, which encompasses those repairs required to remove all life, health, or safety hazards to the dwelling unit up to an amount not to exceed \$40,000. The Major Rehabilitation component is also referred to as Tier II.

**Minimum Property Standards** refers to the standards establishing the conditions that a fully rehabilitated or reconstructed unit must attain upon rehabilitation or Reconstruction/Substantial Rehabilitation, which have been adopted by the City of Houston. These standards are comprised of local and state standards.

**Notice to Proceed** shall refer to the written authorization issued by the City for the Contractor to proceed with Work set forth in the Plans and Specifications, SFHRP Agreement/Work Order or Work Write-Up.

**Performance Standards Manual** shall mean the manual adopted by HCDD to provide SFHRP Program participants with a clear understanding of what procedures, workmanship and material standards are required for the Rehabilitation and Reconstruction/Substantial Rehabilitation of single-family residences.

**Person with Disabilities** is a person who:

- 1.) Has a disability as defined in section 223 of the Social Security Act (42 U.S.C. 423), or
- 2.) Is determined to have a physical mental or emotional impairment that:
  1. Is expected to be of long-continued and indefinite duration.
  2. Substantially impedes his or her ability to live independently; and
  3. Is of such a nature that such ability could be improved by more suitable housing conditions, or
- 3.) Has a developmental disability as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights (42 U.S.C. §6001 (5)).

The term “person with disabilities” includes persons who have acquired immunodeficiency syndrome (AIDS) or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome (HIV).

**Plans and Specifications** shall mean a detailed itemized list approved by the City providing instructions to the Contractor for work to be done on a residence under the Major Rehabilitation component (Tier II) or Reconstruction/Substantial Rehabilitation component (Tier III) of the SFHRP which may include drawings as applicable. Plans and Specifications may be amended by authorized change orders.

**Procedures for Lead-Based Paint Hazard Control for Housing Rehabilitation Programs** shall mean those procedures outlined under the Guidelines, which may be amended from time to time by the Director.

**Progress Schedule** means the schedule of construction progress determined by the Contractor and approved by the rehabilitation specialist/technician assigned to each activity/project by the City. The progress schedule must reference the applicable Affordability Period.

**Project Completion** The date when all applicable information has been entered in the IDIS system and marked as complete, and the City recognizes the project as complete. The City will send notification to Homeowner of the Project Completion date, and the term of the applicable

Affordability Period, which shall commence on that date.

**Property** shall mean the land described in the Agreement, the Deed of Trust and other documents related to the SFHRP.

**Reconstruction/Substantial Rehabilitation** refers to that component of the SFHRP, which denotes the rebuilding of an existing housing unit on the same site, and substantial repairs, the cost for which repairs exceed the amount authorized under the Major Rehabilitation (Tier II) of these SFHRP Guidelines. If the housing unit has no foundation or if it is not possible to rebuild or perform substantial rehabilitation on the foundation, then the foundation will be deemed to be the same location as the building that is being reconstructed/substantially repaired. The reconstructed housing unit must be functionally equivalent to the structure being replaced, but may be larger or smaller than the original unit depending on the needs of the family occupying the replacement unit. Reconstruction/Substantial Rehabilitation is rehabilitation for purposes of CDBG and HOME. The Reconstruction/Substantial Rehabilitation component is also referred to as Tier III under these Guidelines.

**Reconstruction/Substantial Rehabilitation Agreement** shall mean the written agreement between the City and the Homeowner outlining the terms and conditions for Work to be performed under the Reconstruction/Substantial Rehabilitation component (Tier III) of the SFHRP Guidelines. The Reconstruction/Substantial Rehabilitation Agreement shall be in substantially the form attached hereto under Appendix IV.

**Reconstruction/Substantial Rehabilitation Contract** shall mean the written agreement between the City, acting on behalf of the Homeowner, and the Contractor relating to the Work to be performed (as identified in the Plans and Specifications, Work Write-up or the Work Order) under the Reconstruction/Substantial Rehabilitation component (Tier III) of the SFHRP. The Reconstruction/Substantial Rehabilitation Contract shall include the Plans and Specifications or the Work Write-up for the Property. The Reconstruction/Substantial Rehabilitation Agreement shall be in substantially the form attached hereto under Appendix V.

**Reconstruction/Substantial Rehabilitation Loan** is a loan made by the City to the Homeowner for the purpose of reconstructing or making substantial repairs to a housing unit on the Homeowner's property in accordance with the Plans and Specifications, Work Write-up, Work Order, the Contract, the SFHRP Agreement, the Reconstruction/Substantial Rehabilitation Agreement and the SFHRP Guidelines. The term of the Loan shall commence upon Project Completion and end fifteen (15) years thereafter if there is no default under any of the documents related to the work on the property. The Reconstruction/Substantial Rehabilitation Loan is evidenced by the Loan Note and secured by a Deed of Trust. In the event of Default, the amount due under the Reconstruction/Substantial Rehabilitation Loan shall be the amount invested in the Property by the City less the value of the land prior to

Reconstruction/Substantial Rehabilitation. The Reconstruction/Substantial Rehabilitation Loan is applicable only to work done under the Reconstruction/Substantial Rehabilitation component (Tier III) of the SFHRP. The Reconstruction/Substantial Rehabilitation Loan Note shall be in substantially the form attached hereto under Appendix VI.

**Rehabilitation Agreement** shall mean the written agreement between the City and the Homeowner outlining the terms and conditions for Work to be performed under the Major Rehabilitation component (Tier II) of the SFHRP Guidelines. The Rehabilitation Agreement shall be in substantially the form attached hereto under Appendix VII.

**Rehabilitation Contract** shall mean the written agreement between the City, acting on behalf of the Homeowner, and the Contractor relating to the Work to be performed (as identified in the Plans and Specifications or Work Write-up) under the Major Rehabilitation component (Tier II) of the SFHRP. The Rehabilitation Contract shall include the Plans and Specifications for the Property. The Rehabilitation Agreement shall be in substantially the form attached hereto under Appendix VIII.

**RFP** refers to the Request for Proposal Process through which the Contractors and/or Agencies will be selected to participate in the SFHRP.

**Schedule of Value** shall mean a statement furnished by Contractor to City reflecting the portions of the contract sum allotted for the various parts of the work and used as the basis for reviewing Contractor's applications for progress payments, e.g. the line-item bid document.

**SFHRP** shall mean the Single-Family Home Repair Program, established pursuant to the SFHRP Guidelines authorized by City of Houston Ordinance No. 2004-0773, as amended.

**SFHRP Agreement** shall mean the agreement between the City and the Contractor selected through the RFP process to perform work in connection with the Reconstruction/Substantial Rehabilitation component (Tier III) as outlined in the SFHRP Guidelines. The SFHRP Agreement shall include an individual Work Order for each Property identified for Reconstruction/Substantial Rehabilitation, which Work Order shall be incorporated into the SFHRP Agreement.

**SFHRP Guidelines** shall mean the Amended Administrative Guidelines for the SFHRP embodied in this document approved by City Council pursuant to Ordinance No. 2006-1056, as may be amended from time to time.

**Single Family Housing** shall mean housing with one to four family units. Efforts to bring one unit of single family housing in the structure into compliance do not automatically require the other units to be brought into compliance.

**Survey** shall mean an identification of all relevant characteristics of the Property, including but not limited to the Property location and the metes and bounds description.

**TIRZ Funds** shall refer to Tax Increment Reinvestment Zone Funds authorized under Chapter 311 of the Texas Tax Code.

**Very-Low Income** shall mean a person/household whose annual income does not exceed fifty (50%) percent of the median income established by HUD for the City of Houston.

**Work** shall mean the labor necessary to complete the repairs or Reconstruction/Substantial Rehabilitation required under the Rehabilitation Contract or Reconstruction/Substantial Rehabilitation Contract and SFHRP Agreement, Work Write-Up, Plans and Specifications, Work Order and related documents and all the materials and equipment incorporated or to be incorporated in said repairs or Reconstruction/Substantial Rehabilitation work.

**Work Order** shall mean the scope of work or plans and specifications prepared by the City. The SFHRP Agreement shall include an individual Work Order for each Property identified for Reconstruction/Substantial Rehabilitation (Tier III), which Work Order shall be incorporated into the SFHRP Agreement.

**Work write-up** refers to the form that specifies and quantifies the Work under the Emergency Tier component (Tier I), the Major Rehabilitation component (Tier II) and the Substantial Rehabilitation component (Tier III) of the SFHRP, but not the Reconstruction component.

## **SECTION I.**

### **INTAKE**

#### **A. Telephone Procedures.**

City will conduct a preliminary assessment of telephone callers. The callers' names will be checked to determine if they have been assisted within the last five (5) years or have already been referred to the SFHRP. Telephone callers will also be assessed to determine if the request for assistance is to alleviate housing conditions that threaten the life, health, or safety of the occupants and when there is an "Emergency Repair" situation.



## **B. Contact Procedures.**

The City will contact each Applicant who appears to meet the eligibility requirements of the SFHRP, provide assistance in completing the application form, explain the type of assistance available under the SFHRP and ultimately determine eligibility.

## **C. Case Management Services.**

The City may initiate a case management process where Applicants will be better served by referring them to a Case Manager for evaluation. It is anticipated that Case Managers will work with the Homeowners to identify needed service providers and/or alternative living arrangements.

# **SECTION II.**

## **ELIGIBILITY REQUIREMENTS**

### **A. Eligible Applicants.**

In determining the eligibility of the Applicants, the City shall be responsible for completing an "Eligibility Screening Form" on each Applicant. To be eligible for the SFHRP, the Applicant must meet the following requirements:

1. **Owner-Occupied.** The Applicant must be the owner-occupant of the residence within the City limits, which is and has been the principal place of residence for the Applicant for at least five (5) continuous years immediately proceeding the date of filing an SFHRP application. The five (5) year requirement of continuous occupancy may be waived if the Applicant owned and occupied the home at least five (5) years prior to the date of application, but has moved to temporary quarters because conditions of the home make it uninhabitable. The Applicant must provide documentation showing fee simple title, a surviving spouse's homestead interest, a life estate in the property or other evidence which demonstrates that the Applicant has an equitable ownership interest in the residence. Please note that the five (5) year occupancy requirement does not apply to Emergency Repairs or disaster relief.
2. **Annual Income.** The Applicant's annual income must not exceed fifty (50%) percent of the median income, adjusted for family size, for the City of Houston as published by HUD and demonstrated by documentation

accompanied by an affidavit.

3. **At Least 62 Years of Age or a Person with Disabilities.** The Applicant must be at least sixty-two (62) years of age or a Person with Disabilities. An Applicant eligible for Emergency Repair assistance must demonstrate and document age or disability.

#### **B. Eligible Residences.**

The substandard condition(s) to be corrected must, in the opinion of the City, represent an immediate threat to the life, health and/or safety of the occupant(s) of the residence based on standards established in the Building Code. Property taxes must not be delinquent on the Homeowner's property or payment arrangements must be made with the taxing authority prior to receiving assistance under the Major Rehabilitation component (Tier II) or Reconstruction/Substantial Rehabilitation component (Tier III) of the SFHRP. The Applicant must agree to a five (5) year lien on the property for assistance under the Major Rehabilitation component (Tier II) under \$15,000, a ten (10) year lien on the Property for Major Rehabilitation \$15,000 up to \$40,000, or a fifteen (15) year lien on the Property for assistance under the Reconstruction/Substantial Rehabilitation component (Tier III) of the SFHRP.

#### **C. Eligible Costs.**

Repairs or Reconstruction/Substantial Rehabilitation work will be made to each residence in accordance with the Plans and Specifications included in the Rehabilitation Contract or Reconstruction/Substantial Rehabilitation Contract or SFHRP Agreement between the City, acting on behalf of the Homeowner, and the Contractor. A Work Write-Up will be used in lieu of Plans and Specifications under the Emergency Tier component (Tier I) of the SFHRP. The total cost of repairs on each residence under the Major Rehabilitation component (Tier II) may not exceed the amount of \$40,000.

Emergency Tier repairs will not be limited to a specific dollar amount, and will be done in accordance with the Work Write-Up. For repairs made under the Emergency Tier component (Tier I) of the SFHRP the assistance will be treated as a Grant to the Homeowner; for repairs under the Major Rehabilitation component (Tier II), assistance will be treated as a Deferred Payment Loan and for the Reconstruction/Substantial Rehabilitation component (Tier III), assistance will be treated as a Reconstruction/Substantial Rehabilitation Loan. In connection with the Major Rehabilitation component (Tier II) and Reconstruction/Substantial Rehabilitation component (Tier III), the Homeowner must agree to a five (5) year Affordability Period (Major Rehabilitation under \$15,000), a ten (10) year Affordability Period (Major Rehabilitation between \$15,000 and \$40,000) or a fifteen (15) year Affordability Period (Reconstruction/Substantial Rehabilitation) enforced by a lien on the residence, which five (5) year, ten (10) year or fifteen (15) year period shall commence on the date of Project

Completion. The goals of the SFHRP are to assist as many Homeowners as possible, to address only repairs needed to alleviate threats to the health, life and safety of Homeowners, and to keep repair costs at a minimum. No SFHRP funds may be used for soft costs, except for those soft costs deemed eligible by HUD.

#### **D. Eligible Repairs or Reconstruction/Substantial Rehabilitation Work.**

Eligible repairs or Reconstruction/Substantial Rehabilitation work must relate to alleviating life, health and safety hazards to the Homeowner.

### **SECTION III.**

#### **APPLICANT PROCESSING**

##### **A. Supporting Documentation.**

The City shall send written notification to the Applicant that all documentation in support of program eligibility must be submitted within thirty (30) days of the date of the application, except for Emergency Repairs.

##### **B. Notice of Eligibility.**

All Applicants for assistance, other than Emergency Repairs, will be promptly notified of their eligibility. After the initial site visit is conducted and documentation is submitted in support of the application, the City will determine the eligibility of the Applicant.

1. If the Applicant is ineligible, the City will notify the Applicant as to the reasons.
2. If the City determines that the Applicant is eligible, the City will notify the Applicant.

##### **C. Site Visit.**

After notifying the Applicant of initial program eligibility, an inspector of the City shall conduct a site visit to determine the level of assistance (Emergency Repair, Major Rehabilitation or Reconstruction/Substantial Rehabilitation) needed, if stated conditions are eligible repairs or Reconstruction/Substantial Rehabilitation work under the SFHRP and, to prepare Plans and Specifications, Work Order and/or a Work Write-Up. All eligibility determinations must be completed before the property inspection is scheduled.

#### **D. Priority**

***Homeowners shall be served on a first-come, first-served basis, except for Homeowners needing Emergency Repair, who will receive priority assistance. Emergency Repairs will take priority over other needed repairs or Reconstruction/Substantial Rehabilitation work, unless Applicant is receiving assistance as a result of a disaster, in which case disaster recovery may take precedence.***

### **SECTION IV.**

#### **WORK**

##### **A. Compliance Standards.**

The Contractor will perform all work in a timely fashion and in compliance with the Plans and Specifications, standards set by the Building Code of the City of Houston, Performance Standards Manual, Manufacturer's Recommendations, Procedures for Lead-Based Paint Hazard Control, and any additional performance standards specified by the Director. If CDBG funded, minor work done by the Contractor may not necessarily bring the house up to current Building Code standards; however, building systems (i.e. plumbing, roofing, etc.) receiving considerable repair or replacement are expected to comply with the current Building Code. All work completed using HOME funds must result in the Property being brought into full compliance with the City's locally adopted property standards.

##### **B. Lead Based Paint.**

The City will provide the Homeowner with the Lead Based Paint Notice & Verification form, as necessary, for the Homeowner's acknowledgment and execution in accordance with all applicable procedures. All files will be documented accordingly and will include the completed and executed Lead Safe Housing Rule applicability form. Applicable documentation will be included.

##### **C. Permitting and Inspections.**

The Contractor will obtain and pay all necessary fees for all required permits and inspections required by the City. Inconsistencies between the Rehabilitation Contract or

Reconstruction/Substantial Rehabilitation Contract and SFHRP Agreement, Work Write-Up, Plans and Specifications, Performance Standards Manual, Building Code or Manufacturer's Recommendations shall be resolved by giving precedence to the strongest requirement.

**D. Plans and Specifications and Cost Estimates.**

For each residence selected for Rehabilitation or Reconstruction/Substantial Rehabilitation Work under the SFHRP, the City will complete the Plans and Specifications form noting the necessary work from the established list of work and within the allowable range of costs as provided by the City. Work must comply with the Performance Standards Manual, the Minimum Property Standards, Manufacturer's Recommendation and Lead Based Paint Procedures, as amended from time to time. The City shall develop a cost system associated with Plans and Specifications, a Work Order or Work Write-Up, which may be updated from time to time.

**E. No Self Help.**

The Homeowner may not perform any voluntary labor or cover any costs for the Work during the term of the Rehabilitation or Reconstruction/Substantial Rehabilitation Contract.

**SECTION V.**

**CONTRACTOR SELECTION**

**A. Procedures.**

The City may select Contractors pursuant to the competitive sealed proposal method. Procedures used must conform to applicable Federal Law. The City will maintain a contract administration system to ensure that Contractors perform in accordance with the terms, conditions and specifications requested by the SFHRP. Contractors who do not perform up to acceptable standards as determined by the City, may be sanctioned for non-performance and removed from the SFHRP as outlined in the Participant in Good Standing Policy. Each Contractor that is selected through a formal process whereby bids are publicly solicited from certified contractors, the contract will be awarded to the proposer that offers the best value (lowest responsible bid) for the City based on the published selection criteria and on its ranking evaluation. All awarded bids must be within 20% (high or low) of the staff cost-estimate. When it is necessary to preserve the life, health and safety of a Homeowner, repairs may be done pursuant to an Emergency Purchase Order in lieu of the competitive sealed proposal method. The Contractor's bid must remain good for a period of 90 days from the date the bid is received by the City.

## **B. Pre-Construction/Pre-Bid Conferences.**

The City will schedule and conduct at its local office(s) a mandatory pre-bid conference for all interested Contractors. A mandatory pre-construction conference with the selected Contractor(s) and Homeowner(s) will be conducted at the Property after the selection of the Contractor. The City representative will discuss the roles and responsibilities of all participants in the SFHRP.

## **SECTION VI.**

### **RESPONSIBILITIES OF THE CITY**

The responsibilities of the City are set forth throughout these Guidelines. The specific responsibilities outlined in this Section VI are intended to cover those responsibilities, which may not have been previously covered or to provide more detail.

## **A. Monitoring Repairs and Reconstruction/Substantial Rehabilitation Work.**

The City is responsible for inspecting each residence on which Work is being performed by the Contractor in order to verify that the Contractor has posted the appropriate City building permit(s) and that the Work is performed according to the Plans and Specifications, Work Order or Work Write-Up, the Building Code, the Performance Standards Manual, Manufacturer's Recommendation and Procedures for Lead- Based Paint and Hazard Control. These ongoing inspections will also address the quality of the construction work both underway and completed. No payments will be approved if any inspection reveals inferior quality work until all applicable corrections have been made at the Contractor's expense.

## **B. Change Orders.**

The Contractor may request, or the City may initiate change orders to cover eligible repairs (repairs that could not reasonably be detected during the initial assessment). Change order items must be justified, signed and approved by the City, Contractor and Homeowner. A cost increase required by a change order must not cause the total amount of the project to exceed the maximum cost limits. Any change orders which cause an increase in the amount of assistance to the Homeowner will require an amendment to the loan and lien documents as required by the City and must be executed before any sums over the original loan amount are advanced and before any of the additional work is performed. The only exception shall be for

change orders generated in response to unforeseen emergency conditions that threaten life, health or physical safety of the Homeowner. The City shall not authorize change orders to accommodate any Homeowner's request for "material upgrades" or "additional work" outside the original scope of work approved by the City. The Contractor and City must justify any change order item(s) in writing by completing and signing the applicable Change Order Request Form. The total cost of the work, including change orders, shall not exceed ten percent (10%) of the original Agreement price. Any change order causing an increase of more than ten percent (10%) of the original cost may require the City to cancel the Homeowner Agreement and re-bid the project. The maximum cost limits may not be exceeded by a change order.

### **C. Walk-through.**

After the Contractor has completed Work under the Contract and any change orders, the City's inspector will arrange and conduct a walk-through inspection of the residence together with the Homeowner and the Contractor. The City's inspector and Homeowner shall make a list of items that are in need of correction or completion, based on the Plans and Specifications, Work Order or Work Write-Up. The City's inspector will provide the Homeowner and Contractor with a copy of the walk-through list ("punch list"), which documents unsatisfactory or incomplete work items. The Contractor will schedule and complete the Work on the punch list within ten (10) days of receipt thereof. When the work on the punch list is complete, the Contractor, Homeowner and City's inspector will verify that all Work has been completed. (See form for Completion of Warranty Items and/or Punch List Items. If, upon completion of the work items on the Punch List, the City's Inspector determines that not all items have been satisfactorily completed, the Contractor will be billed a minimum of \$100.00 for each additional inspection until the Punch List items are completed to the City's and the Homeowner's satisfaction.

### **D. Certificate of Acceptance.**

The City will issue a Certificate of Acceptance after verifying that all Plans and Specifications, Work Orders or Work Write-Ups have been completed, and all sub-contractors have been paid for their work, after obtaining the written consent of the Homeowner and a written Certificate of Occupancy. If the Homeowner disputes that the Work is not complete, the matter will be submitted to the City. If the decision of the City is unacceptable to either the Homeowner or Contractor, the City's decision may be appealed to the Director per the City's written complaint/grievance process. If appealed, the Director shall require all disputes to go through a mediation or an arbitration process should the parties be unable to resolve their dispute. The arbitrator's decision shall be binding on all parties. The Certificate of Acceptance must be signed off at the time the final draw is requested.

## **E. Project Completion**

The City will send notification to the Homeowner of the Project Completion date and the term of the applicable Affordability Period.

## **F. Payments and Reimbursements.**

The City will make disbursements to the Contractor within thirty (30) days of completion of the Work set out in the Plans and Specifications, Work Order or Work Write-Up. Progress payments will be submitted according to the Progress Schedule submitted by the Contractor. When requesting a progress payment, the Contractor must submit a notarized application and Certificate for Payment showing its cost for the work that has been completed and paid for. Signatures of the Contractor and City's inspector must accompany the approved Pay Request to be submitted to the City for final approval. City's inspector must make a field report to confirm that the work is satisfactorily in place. No payment will be made for work that has not been satisfactorily completed. Only under unusual circumstances will payment be made for materials that have been delivered to the job site but are not yet in place. City's inspector will review the Contractor's payment requests and will arrive at an agreeable progress payment representing the value of the work satisfactorily in place based on completion. Under no circumstances will a progress payment (or the sum of several progress payments) exceed 90% of the value of the work satisfactorily in place. A retainage of 10% of each partial payment will be retained. The balance of the retainage will be disbursed as provided under F. 2 RETAINAGE, below.

### **1. Review for Validity**

City's inspector will review all progress payments for validity.

### **2. Retainage**

The City reserves the right to process the payment of retainage within 30 days after the work completed has been accepted by parties involved. Homeowner and the City inspector must agree in writing that all work items are complete and that the City may release the retainage at the expiration of the 30-day period. See also Item F. 4 below.

### **3. Final Inspection**

All final inspections will be conducted by the City. Prior to requesting a final inspection, the City's inspector who has monitored the job should be totally satisfied



that the work is complete. During the final inspection, the City will visit with each Homeowner to discuss the warranty and any other outstanding issues. See also Item C of this Section.

#### **4. Progress Payments for Major Rehabilitation and Reconstruction/Substantial Rehabilitation Work**

a) Progress Payment Schedule

A Progress Payment schedule may allow for progress payments and a retainage payment of 10% to the Contractor. The progress payments may total no more than ninety (90%) percent of the total repair cost outlined in the Contract. The amount of each progress payment may be no more than ninety (90%) percent of the cost of those repairs which have been completed, and which have been approved and accepted by the City and the Homeowner. Therefore, ninety (90%) percent of the contract price will be processed after one hundred (100%) percent of the repairs have been completed in a workmanlike manner and have been approved and accepted by the City.

b) Payment Inspections

Upon receipt of a payment request, City's inspector will arrange a time convenient to all parties and conduct a payment inspection. Items on the punch list must be completed before the final ten percent (10%) retainage can be released. City's inspector will walk through the property with the Homeowner and verify the completed work items to ensure that the completed work corresponds to the Plans and Specifications or Work Write-Up both in quality and quantity. Approval of the accepted work will be denoted by the City's Inspector, the Contractor and the Homeowner's signature on the Application and Certificate for Payment.

- (i) City's inspector will prepare the Pay Request. The Contractor and City's inspector will sign and date the Payment Request Form authorizing payment on the specified line items by trade.
- (ii) The City's inspector will total the line-item cost of all work by trade listed. He/she will compute the ten (10%) percent retainage and determine the amount of the progress payment. The completed Payment Request will then be submitted to the Contractor and Homeowner for review and signature. The Payment Request will be forwarded for processing and payment.

## **G. Relocation.**

The City will be responsible for recommending temporary relocation assistance to the Homeowner on an as needed basis. The City will determine if the repairs or Reconstruction/Substantial Rehabilitation work will impose a hardship on the Homeowner and/or be detrimental to an existing medical condition. Under either the Major Rehabilitation component (Tier II) or Reconstruction/Substantial Rehabilitation component (Tier III), the Homeowner may be provided temporary relocation assistance, not to exceed one hundred and twenty (120) working days for repairs or Reconstruction/Substantial Rehabilitation work, unless the Director approves an extension.

The City may first establish if the Homeowner has relatives or friends that the Homeowner can reside with during the time of the Work. As a last resort, the City may place the Homeowner in a moderately priced motel or apartment located in the same geographical area. It is imperative that the City makes sure that the Work is completed on schedule in an effort to keep relocation costs at a minimum.

The City will be responsible for making arrangements for and paying the expenses of relocation as listed in the Temporary Relocation Statement. These costs will not be included as part of the dollar amount secured against the Property..

## **H. Certification of Contractor.**

The City will be responsible for certifying Contractors for participation in the SFHRP. Once the application for Contractor Certification is completed, the City will evaluate and verify credit and business references and insurance information. The City will notify the Contractor in writing, of approval or disapproval of its application within thirty (30) days from receipt thereof. Following certification, the City will establish the volume of work that each Contractor will be expected to handle under the SFHRP.

## **I. Agreements**

The City shall also enter into an agreement with the Homeowner ("Rehabilitation Agreement" or "Reconstruction/Substantial Rehabilitation Agreement") / ("Homeowner's Waiver and Release") and a separate agreement with the Contractor ("Rehabilitation Contract", "Reconstruction/Substantial Rehabilitation Contract or SFHRP Agreement"), in which the City will act on behalf of the Homeowner. For the Major Rehabilitation component (Tier II) and Reconstruction/Substantial Rehabilitation component (Tier III), the City will prepare the Deed of Trust and Deferred Payment Loan Note or Reconstruction/Substantial Rehabilitation Loan Note for execution by the Homeowner with all such documents being subject to approval by the City. For Emergency Tier repairs, the City shall enter into a Homeowner's Waiver and

Release Form and Work Write-Up instead of the Rehabilitation Agreement or Reconstruction/Substantial Rehabilitation Agreement and Rehabilitation Contract or Reconstruction/Substantial Rehabilitation Contract or SFHRP Agreement.

- 1. Rehabilitation Agreement and Reconstruction/Substantial Rehabilitation Agreement.** For Work done under the Major Rehabilitation component (Tier II) and Reconstruction/Substantial Rehabilitation component (Tier III), the Rehabilitation Agreement or Reconstruction/Substantial Rehabilitation Agreement shall contain the terms of assistance and shall include the Plans and Specifications, Work Write-up or Work Order. When repairs constitute Emergency Repairs, the Rehabilitation Agreement can be replaced with the Homeowner's Waiver and Release. For Major Rehabilitation and Reconstruction/Substantial Rehabilitation work, the Rehabilitation Agreement or Reconstruction/Substantial Rehabilitation Agreement will also require that the Homeowner execute a Deed of Trust and Deferred Payment Loan Note or Reconstruction/Substantial Rehabilitation Loan Note, evidencing the City's five (5) year lien (Major Rehabilitation under \$15,000), ten (10) year lien (Major Rehabilitation between \$15,000 and \$40,000) or fifteen (15) year lien (Reconstruction/Substantial Rehabilitation) on the Homeowner's Property. The City shall be responsible for filing/recording the Deed of Trust in order to protect the City's security interest and shall provide the original Deferred Payment Loan Note or Reconstruction/Substantial Rehabilitation Loan Note, recorded Deed of Trust and all other documents to the City within a thirty (30) day period from the date of the Note and Deed of Trust.
- 2. Rehabilitation or Reconstruction/Substantial Rehabilitation Contract and SFHRP Agreement, or Work Write-Up.** After the selection of the Contractor(s) in accordance with the Contractor selection procedures, a Rehabilitation Contract or Reconstruction/Substantial Rehabilitation Contract and SFHRP Agreement including Plans and Specifications or Work Order, as applicable, shall be executed. The Rehabilitation or Reconstruction/Substantial Rehabilitation Contract shall be executed by the City on behalf of the Homeowner and the Contractor, and a Notice to Proceed shall be issued by the City. If the Rehabilitation or Reconstruction/Substantial Rehabilitation Contract is terminated prior to completion of the Work, the City shall select a Contractor to complete the Work. The Rehabilitation Contract, Reconstruction/Substantial Rehabilitation Contract and SFHRP Agreement, including Plans and Specifications, Work Write-up or Work Order shall not be terminated without proper notice to the Contractor and Homeowner. The Rehabilitation Contract or Reconstruction/Substantial Rehabilitation Contract and SFHRP Agreement must contain, but is not limited

to, the following provisions:

- a. **Performance Standards.** The Contractor shall agree to perform all work in compliance with the Plans and Specifications, the Building Code and the Performance Standards Manual. The Contractor shall obtain and pay necessary fees required for all building permits and inspections required by the City. Inconsistencies between any performance standards contained in the Rehabilitation Contract or Reconstruction/Substantial Rehabilitation Contract, Manufacturer's Recommendation and the Building Code shall be resolved by giving precedence to the strongest requirement. The Director may update these documents from time to time.
- b. **Procedures for Lead-Based Paint Hazard Control for Housing Rehabilitation Programs.** To ensure compliance with the provisions of Title X - Lead-Based Paint Hazard Reduction Act of 1992 and all applicable sections of 24 CFR 35 – e.g. risk assessments, safe work practices, clearance activities, etc., the procedures will govern subrecipients and/or contractors in rehabilitation activities to minimize the creation and disposal of lead contaminated dust and protect residents, especially children, from possible lead exposure. The Procedures for Lead-Based Paint Hazard Control may be updated from time to time.
- c. **Clean-Up.** Upon completion of the Work by the Contractor, all surplus and waste materials resulting therefrom shall be removed from the premises, the entire structure and involved portions of the site shall be left in a neat, clean and acceptable condition. The Contractor must complete applicable clean-up at the end of each workday and leave the premises in a "broom-clean" condition.
- d. **Warranty.** For Major Rehabilitation (Tier II) and Substantial Rehabilitation (Tier III), the Contractor shall expressly and unconditionally warrant and guarantee for a period of twelve (12) months work performed on all major components replaced or installed i.e. roof replacement, re-wiring total electrical system, drainage and sewer replacement, installation of heating system, installation of air-conditioning system, and all other repairs on the same structure unless otherwise indicated. This warranty includes any condition which may impair or tend to impair the safe and normal use, functioning or enjoyment of the structure and which results in any manner from any and all labor and/or materials used or supplied under the Rehabilitation Contract or Work

Write-Up, or the Reconstruction/Substantial Rehabilitation Contract and SFHRP Agreement. For Emergency Repairs (Tier I), the applicable warranty period shall be ninety (90) days.

- (1) The warranty shall not be construed to limit or in any way modify any warranties or guarantees placed upon any materials, appliances, fixtures or devices by their manufacturers, or any components for which a longer period of warranty is required under the Rehabilitation Contract or Reconstruction/Substantial Rehabilitation Contract.
- (2) The warranty period shall commence on the date of issuance of the Certificate of Acceptance.
- (3) The Contractor shall repair or replace, free of cost or charge to the Homeowner and the City, any defects that arise out of defective workmanship or materials which appear within the warranty period, whether or not the materials or equipment are guaranteed by the manufacturer or supplier.
- (4) The Contractor shall furnish the Homeowner with all manufacturers' and suppliers' written guarantees, warranties and operating instructions covering materials and equipment furnished under the Contract together with any documentation required for validation. The City will make copies of the applicable pages of the warranties/guarantees that provide serial or model numbers, name of manufacturer and manufacturer's contact information and place in each recipient's file.

- e. **Insurance.** The Contractor must maintain at a minimum the insurance coverage and limits as set out below, unless said limits are reduced in the discretion of the Director of HCDD and the City Attorney of the City of Houston:

***Workers' Compensation***

Commercial General Liability  
Including Contractor's Protective  
Liability, Broad Form Property  
Damage, Contractual Liability,  
Bodily Injury, Personal Injury,

***Statutory Limits***

Combined single limit of \$1,000,000 each  
occurrence, subject to general aggregate  
\$2,000,000; Products and Completed Operations,  
\$1,000,000 aggregate

and Products and Completed Operations (for a period of one year following completion of the Work under this Agreement)

**Automobile Liability Insurance**  
(for vehicles Contractor uses in performing under these Guidelines, including Employer's Non-Owned and Hired Auto Coverage)

\$1,000,000 combined single limit

- f. Dispute Resolution.** The Homeowner and Contractor shall agree to submit disputes concerning the quantity, quality and completion or sufficiency of work performed or materials supplied to the City. The parties may appeal determinations of the City to the Director. Homeowner/City disputes may also be appealed to the Director. If appealed, the Director shall require all disputes to go through a mediation or an arbitration process should the parties be unable to resolve their dispute. The arbitrator's decision shall be binding on all parties. The determination of a dispute over the issuance of a Certificate of Acceptance shall not be construed to release the Contractor or any surety from liability under any bond, warranty, or guarantee to be provided under the Rehabilitation Contract, Reconstruction/Substantial Rehabilitation Contract or SFHRP Agreement or any other applicable instrument. Disputes regarding Certificates of Acceptance shall be handled according to the procedures discussed in Section VI, D of the SFHRP Guidelines on Certificates of Acceptance, which are also reproduced at Section II, J of the Agreement. The Homeowner and Contractor and/or City should refer to the Complaint Procedures for unresolved issues.
  - g. Change Orders.** SEE SECTION VI, PARAGRAPH B ABOVE.
  - h. Termination for Non-Performance.** The Contractor may be terminated and/or sanctioned for non-performance in accordance with the Participant in Good Standing Policy.
- 3. Lien and Loan Documents.** The City will file the Deed of Trust in the County Deed Records for each Homeowner receiving assistance under the Major Rehabilitation component (Tier II) and Reconstruction/Substantial Rehabilitation component (Tier III). The City will maintain file-stamped recorded copies of the Deed of Trust and copies of all other documents related to the Reconstruction/Substantial Rehabilitation Loan. If a subrecipient or CHDO is

involved, the City shall be named and the other entity shall file and provide the City with the original recorded documents.

#### 4. Reporting.

- a. **General.** All required reports shall be made on a timely basis by the City.
- b. **Central Database.** The City shall maintain and update information on the database daily, maintain monthly reports, and provide timely responses to the Homeowner as required by the SFHRP Guidelines.
- c. **Eligibility and Reimbursement Documentation.** The City is responsible for monthly documentation of Homeowners' eligibility for the SFHRP and Contractor reimbursement status.
- d. **Loan Closing.** For those Homeowners whose repairs or Reconstruction/Substantial Rehabilitation work are/is made under the Major Rehabilitation component (Tier II) and Reconstruction/Substantial Rehabilitation component (Tier III), the City is responsible for preparing, closing and recording documents, as necessary, including but not limited to the following:
  - (a). Deed of Trust.
  - (b). Deferred Payment Loan Note and Reconstruction/Substantial Rehabilitation Loan Note.

#### J. Maximum Property Value of HOME Assisted Property

##### 1. After Rehabilitation Value

The value of the HOME assisted property **after rehabilitation** must not exceed 95 percent of the median purchase price for the area, as published by HUD or, in accordance with the Final Rule, as determined locally through market analysis approved by HUD.

To establish property eligibility, **after-rehabilitation value must be established prior to any work being performed**. One or more of the following methods may be used to establish the after-rehabilitation value:

- Estimates of work value: Estimates of work value determined by the City may be used. Project files must contain the estimate of value and document the basis for the value estimates. At a maximum, one-third of the total estimated repair cost will

be added to the current as-is value of the Property to determine the after-rehab value.

## **SECTION VII.**

### **MISCELLANEOUS PROVISIONS**

#### **A. Loan Servicing.**

The City will handle servicing for all loans made under the SFHRP. The Director, at a minimum, will require that all loan servicing be carried out in such a manner as to ensure the release of City's lien upon payment/performance of the Deferred Payment Loan and Reconstruction/Substantial Rehabilitation Loans.

#### **B. Deed of Trust.**

The Rehabilitation Agreement for repairs under the Major Rehabilitation component (Tier II), and the Reconstruction/Substantial Rehabilitation Agreement for work under the Reconstruction/Substantial Rehabilitation component (Tier III), will require the Homeowner to agree to the execution of a Deed of Trust, which may result in the placement of a five (5) year lien (Major Rehabilitation under \$15,000), a ten (10) year lien (Major Rehabilitation between \$15,000 and \$40,000) or a fifteen (15) year lien (Reconstruction/Substantial Rehabilitation) on the Homeowner's property. Upon completion of the five (5) year, ten (10) year or fifteen (15) year period the City will release the lien of record. The City will also release the lien under the Major Rehabilitation component (Tier II) or the Reconstruction/Substantial Rehabilitation component (Tier III) if the Major Rehabilitation or the Reconstruction/Substantial Rehabilitation Loan is repaid prior to the expiration of the fifteen (15) year period.

#### **C. Deferred Payment Loan.**

In addition to the execution of a Deed of Trust, if the repairs are made under the Major Rehabilitation component (Tier II), the Homeowner must execute a Deferred Payment Loan Note, in the amount of the cost of work. The Deferred Payment Loan will only become due and payable if an event of default ("Default") occurs as defined under the Rehabilitation Agreement, the Deed of Trust or other applicable loan document. In the event of a Default, the Homeowner must pay the remaining balance of the Deferred Payment Loan. For example, if a loan with a ten (10) year term for \$30,000 was in default after one (1) full year of compliance, the remaining balance due would be \$24,000. The Deferred Payment Loan will be pro-rated and reduced annually by ten (10%) percent on the anniversary of the commencement of the Affordability Period. A loan with a five (5) year term would be pro-rated and reduced annually by twenty (20%) percent on the anniversary of the commencement of the Affordability Period. The Deferred Payment Loan will be subject to the following conditions:



1. The Deferred Payment Loan shall not be subject to interest.
2. The Homeowner shall be required to own and occupy the repaired unit for a period of five (5) years if the rehabilitation is under \$15,000, and ten (10) years if the rehabilitation is between \$15,000 and \$40,000, in order to fully discharge the Homeowner's responsibility under the SFHRP.
3. The Homeowner shall be responsible for paying his or her own Homeowner Property insurance and real estate taxes and for declaring the home as his or her homestead to take advantage of the homestead exemption for the residence.
4. The outstanding principal balance of the Deferred Payment Loan shall become due and payable in the event of default under the Rehabilitation Agreement, the Deed of Trust, the Deferred Payment Loan Note or other applicable lien document.
5. In the event of death of the Homeowner or long term illness that requires removal from the home, the Homeowner's estate shall not be liable for repayment of the Deferred Payment Loan, however, the City may exercise its right to foreclose the lien on the property. Any surviving co-Homeowner(s) must complete the occupancy requirement under the Deferred Payment Loan.

#### **D. Reconstruction/Substantial Rehabilitation Loan Note**

In addition to the execution of a Deed of Trust, if the work is done under the Reconstruction/Substantial Rehabilitation component (Tier III), the Homeowner must execute a Reconstruction/Substantial Rehabilitation Loan Note, in the amount of the cost of work. The Reconstruction/Substantial Rehabilitation Loan will only become due and payable if an event of default ("Default") occurs as defined under the Reconstruction/Substantial Rehabilitation Agreement, the Deed of Trust or other applicable loan document. The Reconstruction/Substantial Rehabilitation Loan will be subject to the following conditions:

1. the Reconstruction/Substantial Rehabilitation Loan shall be in the amount of the Reconstruction/Substantial Rehabilitation Contract and SFHRP Agreement between the City acting on behalf of the Homeowner and the Contractor. The Reconstruction/Substantial Rehabilitation Loan shall not bear interest.
2. The Homeowner shall own the property free and clear of all liens. The Homeowner shall have lived in the property as his or her primary residence for at least five years to qualify for the Tier III program. The Homeowner shall be responsible for paying his or her own property insurance and real estate taxes

and for declaring the home as his or her homestead. The Homeowner shall understand that the property's appraisal value may rise and that taxes may increase accordingly upon reconstruction.

3. The Homeowner shall be required to own and occupy the reconstructed or substantially rehabilitated unit for a period of fifteen (15) years, or until the outstanding loan balance is paid off, whichever occurs earlier. The assessed value of my Property will in all likelihood increase as a result of the reconstructed/substantially rehabilitated unit, thereby causing an increase in Homeowner's property taxes as well as Homeowner's property insurance. Homeowner must fully accept all responsibility for the payment of taxes and insurance on the Property as rebuilt under the SFHRP.
4. At the time of Reconstruction/Substantial Rehabilitation, the City will establish the value of the Homeowner's lot. This value will not be adjusted over the life of the Loan. Should the Loan become due within the Affordability Period, the amount due the City will be calculated as follows: The Sale Price, less the original land value, up to the amount of the Loan. Should the property sell for more than the amount of the Loan plus original land value, the estate/homeowner/heirs will retain the balance. Should the property sell for less than the amount of the Loan plus original land value, the estate/heirs will not be required to make up the balance due.
5. Repayment is required as follows:
  - a. If the Homeowner dies within the 15-year Affordability Period, the estate/heirs will have 12 months in which to repay the outstanding loan balance.
  - b. If the Homeowner abandons or moves out of the home during the 15-year Affordability Period, he or she has 6 months to repay the outstanding loan balance.
  - c. If the Homeowner sells the property during the 15-year Affordability Period, the outstanding loan balance is due and must be repaid to effect title transfer.
6. Property sales shall be third party, arms-length transactions.
7. Notwithstanding any provision contained herein to the contrary, the City reserves the right of first refusal on any sale of the Property made within the Affordability Period. Any failure to repay the Reconstruction/Substantial Rehabilitation Loan within the time frames set out above may result in the City foreclosing its lien on the Homeowner's Property in accordance with the provisions of the Deed of Trust.

8. The City reserves the right to order an independent appraisal of the Property prior to Reconstruction/Substantial Rehabilitation, which will be at the City's expense, in order to determine the pre-Reconstruction/Substantial Rehabilitation value of the land. The City also reserves the right to order an independent appraisal of the Property at the time of sale, which will be at the City's expense, in order to determine the fair market value of the Property.
9. A surviving spouse or Co-Homeowner may not be liable for repayment of the Reconstruction/Substantial Rehabilitation Loan should the surviving spouse or Co-Homeowner continue to reside in the Property as his/her primary residence for the duration of the Affordability Period. The surviving spouse or Co-Homeowner shall be liable for repayment of the Reconstruction/Substantial Rehabilitation Loan should the surviving spouse or Co-Homeowner fail to reside in the Property as his/her primary residence for the duration of the Affordability Period. Upon death, move out or other abandonment of the Property, or sale of the Property by such surviving spouse or Co-Homeowner, prior to the expiration of the Affordability Period, the Property shall be treated in the same manner as if the surviving spouse or Co-Homeowner were the original Homeowner.
10. Annual monitoring of the Property shall be conducted during the Affordability Period to ensure that the Property is occupied by the Homeowner. City reserves the right to request verification of Homeowner's identity through forms of identification including but not limited to name, picture, and all non-confidential vital information. This monitoring shall be accomplished via site visit or letter sent by certified mail to the Homeowner each year during the Affordability Period, on each anniversary date of Project Completion. The Homeowner must respond to the letter within thirty (30) days of receipt.

**E. Death of the Homeowner.**

In the event of the death of a Homeowner prior to the issuance of a Notice to Proceed, the Rehabilitation Agreement or Reconstruction/Substantial Rehabilitation Agreement will be null and void.

**F. Destruction of the Home.**

1. The funding for the Work can be revoked by the City if the home is partially destroyed prior to completion of the Work and it is determined that the house cannot be repaired or reconstructed within the funding limits of the SFHRP, less proceeds previously disbursed or obligated, plus any available insurance proceeds.

2. The City may allow funds to be disbursed in the event that the home is partially destroyed prior to the completion of the Work if it has been determined that the home can be repaired or reconstructed within the funding limits of the SFHRP, less proceeds previously disbursed or obligated, plus any available insurance proceeds. The amount funded will be reduced to the extent that insurance proceeds, if any are available to cover the Work.

**G. Roles Of Nonprofits And Community Housing Development Organizations (CHDOS)**

A nonprofit may take on a limited administrative role, such as marketing the program in its neighborhood, or helping the City translate materials into the language spoken by neighborhood residents. A nonprofit may act as a community advocate or advisory group. A nonprofit may provide counseling to owners on behalf of the City on topics such as simple home repairs and maintenance. Homeowner rehabilitation is not an eligible CHDO set-aside activity. However, CHDOs, like other nonprofits, may act as a subrecipient and administer a homeowner Rehabilitation or Reconstruction/Substantial Rehabilitation program on behalf of the City of Houston.

**H. Surveys.**

The Contractor agrees to complete, at its expense, any necessary surveys of the Property.

**I. SFHRP GUIDELINES.**

These Guidelines, as amended, including the HOME and CDBG regulations set forth in 24 CFR 92 and 24 CFR 570, and any and all Appendices, represent the Guidelines in their entirety. The Director of HCDD is authorized, in his/her discretion, to amend any of the Appendices attached to the Guidelines without further action by City Council, as long as such amendment does not result in a substantive change to any provision of the Guidelines.

## SECTION VIII.

### **FEDERAL REGULATIONS**

Any Contractor selected to receive CDBG funds or HOME funds must comply with all requirements of the CDBG regulations issued by HUD under 24 CFR Part 570 or the HOME regulations issued by HUD under 24 CFR Part 92, including but not limited to the following:

- A. Nondiscrimination and Equal Opportunity.** An entity selected to receive federal funds must comply with the following:
1. The requirements of **Title VIII of the Civil Rights Act of 1968 and Title VI of the Civil Rights Act of 1964** relating to the prohibitions against discrimination in housing and the denial of benefits of federally funded programs because of race, color, religion, sex, national origin, disability, or familial status;
  2. The prohibitions against discrimination on the basis of age under the **Age Discrimination Act of 1975** and the prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973;
  3. The requirements of **Executive Order 11246** relating to equal employment opportunity in connection with federally funded programs, as amended by 11375, as supplemented by 41 CFR Part 60.
  4. The requirements of **Section 3 of the Housing and Urban Development Act of 1968** relating to the training and employment of individuals and the contracting of businesses from the metropolitan area in which the federally funded program is located. Section 3 of the Housing and Urban Development Act of 1968 shall apply to the Rehabilitation or Reconstruction/Substantial Rehabilitation Contract. To the greatest extent feasible, the Contractor shall give opportunities for employment to lower income persons residing within the City, and shall award contracts for Work in connection with the Rehabilitation or Reconstruction/Substantial Rehabilitation Contract to business concerns which are located in or owned in substantial part by persons residing in the City).
  5. The requirements of **Executive Orders 11625, 12432, and 12138** relating to the use of minority and women's business enterprises in connection with federally funded programs (**Affirmative Action**), as

specified in Executive Order 11246 and the implementing regulations (41 Code of Federal Regulations, Chapter 60). The Contractor shall agree to take affirmative action to insure fair treatment in hiring, employment upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay, or other forms of compensation and selection for training and apprenticeship.

- B. Applicability of Uniform Administrative Requirements.** The entity shall comply with the policies, guidelines, and requirements of 24 CFR 570 and 24 CFR Part 92, as applicable.
- C. Conflicts of Interest.** In addition to conflicts of interest requirements in 24 CFR Part 84, no person who is an employee, agent, consultant, officer, or elected or appointed official of the City, state recipient or non-profit recipient (or of any designated public agency) that receives federal grant amounts and who exercises or has exercised any functions or responsibilities with respect to assisted activities or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or those with whom he or she has family or business ties, during his or her tenure or for one- (1) year thereafter.
- D. Lead Based Paint Notice & Verification(s).** Repairs or Reconstruction/Substantial Rehabilitation work must comply with the HUD regulations and Lead Based Paint Procedures, as amended from time to time.
- E. Debarment and Suspension.** The requirements set forth in 24 CFR Part 5 apply to this Program.